



## ***AOT in Action***

Welcome to AOT in Action, your weekly e-newsletter from the Arizona Office of Tourism (AOT).

### **A Message from Director Sherry Henry:**

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Good morning,

Now more than ever it's vital to tout the statewide benefit of our industry's economic impact to key decision makers and community representatives. During the past few months we've had numerous inquiries as to how to accomplish this.

With the help of our industry partners the Arizona Tourism Alliance (ATA) and Barry Aarons, ATA member and lobbyist, AOT will be kicking off the first Arizona Tourism University Workshop series "*Advocacy: A Necessary Skill in Challenging Times*." These sessions are set to provide Arizona communities information on the importance of adding advocacy efforts to your program of work.

For more information on this workshop series, please review the **AOT News** section below.

Have a great week.

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### **AOT News**

#### **SAVE the DATE: Arizona Tourism University Workshops November 13, 17 & 19**

The Arizona Office of Tourism is proud to present Arizona Tourism University's complimentary workshop series "*Advocacy: A Necessary Skill in Challenging Times*"

These workshops will primarily focus on advocacy techniques such as how to develop messages, build coalitions and utilize human resources to engage in grass roots advocacy in support of your

policy initiatives. The sessions will be offered by speaker Barry Aarons, owner of The Aarons Company LLC a Public Policy Consulting firm and Faculty Member of the Arlington, Virginia based Leadership Institute.

To register, please contact Meghan Dorn at 602-364-3708 or via email at [mdorn@azot.gov](mailto:mdorn@azot.gov).

*“Advocacy: A Necessary Skill in Challenging Times”* Workshops will be held from 10:00 a.m. to 1:00 p.m. in the following locations:

**Kingman**

Friday, November 13  
The Powerhouse Tourist Information & Visitor Center  
120 W. Route 66  
Kingman, AZ 86401

**Casa Grande**

Tuesday, November 17  
Holiday Inn Casa Grande  
777 N Pinal Ave  
Casa Grande, AZ 85222

**Rock Springs**

Thursday, November 19  
Rock Springs Café  
35769 South Old Black Canyon Highway  
Rock Springs, Arizona 85324

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**AOT Activities**

**Partner with AOT on International Marketing Co-ops for FY10**

During FY10 the Trade and Media Relations Division will conduct several co-operative marketing projects geared to increase consumer awareness about Arizona in key international markets and drive business to partnering tour operators. A brief summary of each campaign is included. Participation is open to Arizona CVBs, Chambers and DMOs. To view all of the co-operative marketing projects, [click here](#).

**Upcoming Events & Activities**

**Canada Sales Mission**

**Date:** October 19 – 23

**Location:** Toronto, Winnipeg and Edmonton

### Japan Sales Mission

**Date:** October 26 – 30

**Location:** Tokyo and Osaka, Japan

### Tour Operator Road Show

**Date:** November 2009

**Location:** Throughout Germany

### Gendron FAM Trip (tentative)

**Date:** November 4 – 8, 2009

**Location:** Tucson and Greater Phoenix area

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## Industry News

### **Hotwire Puts Phoenix 5th for Falling Hotel Rates**

Phoenix ranks fifth on Hotwire's October list of North America's top 10 cities with falling hotel rates. Houston was No. 1 with a 30 percent decline over October 2008, according to the discount Internet travel site. Phoenix hotels saw an 18 percent drop in rates for the past year, according to Hotwire, which reports offering a typical deal for one night at a four-star hotel for \$66. Houston's top ranking was attributed to the large increase in area prices in October of 2008 due to Hurricane Ike. Other U.S. cities on the list are feeling the impact of the recession, Hotwire said. Other top 10 cities were: Jacksonville, Fla.; Orlando, Fla.; Miami; Portland, Ore.; Las Vegas; Oahu, Hawaii; Los Angeles; and Vancouver, Can.

"With the fall season comes naturally slowing leisure travel," said Clem Bason, president of the Hotwire Group. "And with business travel unable to fill that gap this year, we're seeing amazing deals at some of the most popular destinations around the country." (*Phoenix Business Journal*, Oct. 13)

### **Most Airlines Will Keep New Fees**

It didn't take long for airlines to get addicted to new fees for old services, says the Dallas Morning News. Born in the crisis of high fuel prices last year, charges for such services as checked bags, seat selection and pillows have become a vital part of most airlines' revenues. "I think these fees are here, and they're here to stay," said US Airways executive Andrew Nocella. Small wonder, says the paper. US Airways brought in more than \$100 million in fees for checked bags in the second quarter alone. Collectively, the nine largest U.S. carriers pocketed more than \$2.3 billion in bag fees and reservation cancellation fees in the first half of 2009, according to the Bureau of Transportation Statistics.

The International Air Transport Association is predicting that North American airlines will lose \$2.6 billion this year. Absent the many new fees, the losses would be much higher. And while customers may not like the fees, aviation consultant Michael Boyd said it appears that airlines aren't being hurt by any backlash. ([www.DallasNews.com/Business](http://www.DallasNews.com/Business); *Travel Advance*, Oct. 12)

### **A Recovery to "Less Bad"**

As the economy begins to shift gears from dismal to slightly improved, the travel industry sees some reason for hope-but not much, says The New York Times. The U.S. Travel Association expects travel spending in the U.S. to decline by nearly 9 percent this year, to \$705 billion, which includes domestic business and leisure travel as well as spending by international visitors. Spending is expected to increase by 6 percent in 2010 but that does not make up for the large dip in 2009. "I describe these numbers as being less bad-but they're certainly not good," said Suzanne Cook, senior vice president for research at U.S. Travel. While some parts of the travel industry have survived the downturn fairly well-car rental companies have reduced fleets, for instance, and cruise lines have adjusted itineraries-the industry is bracing for more modest spending on travel for years to come.

One factor keeping optimism in check is tight controls on business travel. The National Business Travel Association calculates that American companies spent \$261 billion on business travel, both domestic and international, in 2008, a \$44 billion increase since 1998. But the group expects that amount to increase by only \$4 billion from 2008 to 2013, creating challenges for an industry that has relied heavily on American expense accounts in the past. (*Page B7, New York Times; Travel Advance, Oct. 12*)

### **Travel Industry Turned Upside Down by Severe Cuts to Business Travel**

"There's a fundamental reset of what 'normal' looks like, says Matt Rush, a human resources executive who estimates his travel budget will jump 30 percent in 2010. But Rush's double-digit increase will follow a 50 percent cut in his original 2009 budget. A similar refrain is echoing throughout the travel industry, which hopes for anything but repeat of this year. A survey by the Association of Corporate Travel Executives underscores the caution prevalent in the industry. Only a quarter of respondents said they will spend more on corporate travel next year, while about half will operate at 2009 levels. (*Page 3B, USA Today; Travel Advance, Oct. 13*)

As business travel slowly comes back, company travel departments are sending out a strong message: Work harder. Fit more productivity into each trip. Become a lot more accessible on the road-even on planes, using new in-flight wireless services. What lies ahead for the grunts on the road as the long slump in business travel eases? Air travel has already become less convenient, as airlines have significantly cut capacity. According to OAG, domestic capacity in October was down 21 percent from October 2000-roughly the equivalent of an entire major airline disappearing. Well, get used to it. Invoking the current business travel buzz phrase, prepare for the "new normal," says Charles Petrucci, president of the American Express Global Travel Services division. (*Page B7, New York Times; Travel Advance, Oct. 13*)

### **Hotel Index Drops 2.1%**

Economic research firm e-forecasting.com, in conjunction with Smith Travel Research, announced that the Hotel Industry Pulse index has hit a snag in its recovery. After going up two months in a row, HIP declined 2.1 percent in September. The latest decline brought the index to a reading of 79.7. The index was set to equal 100 in 2000. The probability of business expansion declined to 17.5 percent in September, after reading 76.1 percent in August. "Over the past months, we saw leisure demand continue to make strikes in recovery while business travel maintained its downward trend," said Chad Church, industry research manager at STR. "Now

that the summer travel season has come to an end, we're waiting to see any signs of life from the business segment." (*www.TravelPulse.com; Travel Advance, Oct. 14*)

Those needing a break from the Chicago area's unseasonably cold weather, should head south, says Hotwire.com. Chicago isn't on the travel Web site's October list of major cities where hotel rates have dropped the most, but plenty of sun-soaked cities are. Houston, where hotel rates are down 30 percent from a year ago, takes the top spot but that's largely because prices a year ago were inflated because of Hurricane Ike increased room demand in the city. The other top nine cities with significant price drops from a year ago included Florida's Jacksonville, Orlando and Miami, down 22 percent, 19 percent and 19 percent, respectively; Phoenix, down 18 percent; Portland and Las Vegas, each down 17 percent; Oahu, down 16 percent; and Los Angeles and Vancouver, each down 13 percent. (*www.ChicagoTribune.com/Business; Travel Advance, Oct. 14*)

### **Southwest Reports \$16M Loss in Q3**

Southwest Airlines Co. said last week it posted a \$16 million loss for the third quarter as the company recorded expenses tied to its employee voluntary severance program and a loss of \$12 million related to fuel hedging. Dallas-based Southwest (NYSE:LUV) reported that its \$16 million loss — 2 cents per share — is improved from a net loss of \$120 million, or 16 cents per share, during the same quarter of 2008.

"Despite the continuation of a depressed economy, our people fought hard, and have staged an impressive revenue recovery from where we were in June," Southwest Chairman, CEO and President Gary Kelly said in a statement.

Southwest has relied on what it calls revenue initiatives to help buoy sales as demand waned this year. Southwest also cut expenses by optimizing its travel schedule and cutting less popular flights. Southwest also added a pet fare program allowing certain pets to travel for a fee.

In addition, the company launched a post-Labor Day travel sale offer, which resulted in Southwest setting an all-time booking record for daily sales and drove the company's monthly load factor up 11 percentage points compared to September 2008. Southwest operates a hub at Phoenix Sky Harbor International Airport. (*Phoenix Business Journal, Oct. 15*)

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## **Calendar of Events**

Visit [www.ArizonaGuide.com](http://www.ArizonaGuide.com) to find information on all the exciting [events, festivals and activities](#) held throughout the Grand Canyon State!

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